



LINDA S. ADAMS  
SECRETARY FOR ENVIRONMENTAL  
PROTECTION

# CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD



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February 11, 2009

Manuel M. Ramirez  
Department of Health and Human Services  
City Berkeley  
1947 Center Street, Third Floor  
Berkeley, CA 94704

SUBJECT: FINAL AUDIT REPORT – WASTE TIRE ENFORCEMENT  
GRANTS TEA11-04-0035 AND TEA12-05-0016

Dear Mr. Ramirez:

Enclosed is the report on the audit of the City of Berkeley's (City) Waste Tire Enforcement Assistance Grants TEA11-04-0035; and TEA12-05-0016, awarded for the periods June 30, 2005, through June 30, 2007. Our audit included a review of receipts, expenditures, internal controls, and compliance with the grant agreement provisions.

CIWMB congratulates the City on the results of this audit. No findings resulted from this review of the City provided information. Although, this review was selective and any result cannot be applied with certainty to City's grant program as a whole, we believe that this audit report is reflective of City's proper grant administration.

If you have any questions regarding this report, please contact George Mendoza, Audit Manager, at (916) 324-1358 or gmendoza@ciwmb.ca.gov.

Sincerely,

Susan Villa, Branch Manager  
Fiscal Services Branch  
California Integrated Waste Management Board

(Over)

Manuel M. Ramirez  
February 11, 2009  
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Enclosure

cc: Peggy Gibbons, Deputy Director, Health and Human Services Department  
Philip Kamlarz, City Manager, 2180 Milvia Street, Berkeley, CA 94704  
Jim Lee, Branch Manager, Tire Facilities and Operations Branch, CIWMB  
Barbara Strough, Supervisor, Tire Facilities North, CIWMB  
Carl Coaxum, Auditor, Audits and Evaluations Unit, CIWMB  
CIWMB Audits and Evaluations Unit Files

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**A GRANT AUDIT**

**City of Berkeley**

**Waste Tire Enforcement Assistance Grants**

**Final Audit Report**

**Grants TEA11-04-0035,  
And  
TEA12-05-0016**

**For the Periods June 30, 2005  
through June 30, 2007**

**Prepared By:  
California Integrated Waste Management Board  
Audits and Evaluations Unit**

**February 2009**

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## **PREFACE**

The California Integrated Waste Management Board awarded TEA11-04-0035, and TEA12-05-0016 Waste Tire Enforcement Assistance Grants to the City of Berkeley (City). These grant agreements were funded by the Tire Recycling Fund.

The grant agreements were as follows:

<b>Grant Agreement</b>	<b>Amount</b>	<b>Audit Period</b>
TEA11-04-0035	\$147,432.00	06/30/05 – 06/30/06
TEA12-05-0016	\$123,245.00	06/30/06 – 06/30/07

The objective of this audit was to determine City's compliance with the grant agreement. The audit also assessed City's compliance with fiscal and statutory requirements, as well as a review of internal controls.

This report is intended for the information and use of CIWMB and City's management. However, this report is a matter of public record and its distribution is not limited.

## **STAFF:**

Carl Coaxum  
Auditor





## AUDITOR'S REPORT

Mr. Mark Leary, Executive Director  
California Integrated Waste Management Board  
1001 I Street, MS-25A  
Sacramento, CA 95814

The Audits and Evaluations Unit conducted an audit of the City of Berkeley's (City) Waste Tire Enforcement Assistance Grants. Public Resources Code, Section 48657, requires California Integrated Waste Management Board (CIWMB) shall conduct a selective audit of entities to determine whether grants and recycling incentives are being paid out properly. This audit report meets this statutory requirement and is intended for the information and use of CIWMB and City's management.

This audit included a review of receipts, expenditures, internal controls, and compliance with the grant agreement provisions for:

- TEA11-04-0035, June 30, 2005 through June 30, 2006
- TEA12-05-0016, June 30, 2006 through June 30, 2007

To summarize the grant receipts and expenditures, prepared were Statements of Revenue and Expenditures for these agreements executed between CIWMB and City. These Statements were prepared from City's records and are the responsibility of City's management. The audit responsibility is to provide management reassurance on the propriety of grant payments as represented by these Statements.

The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*, issued by the Institute of Internal Auditors. These standards require that we plan and perform the audit to provide reasonable assurance as to whether City is compliant with the requirements of the grant agreements. An audit includes examining, on a substantive and control test basis, evidence supporting sample amounts listed in the Statements and grant compliance disclosures.

As part of the audit, City did provide a management representation letter. This letter is to confirm City's representations provided to us explicitly or implicitly, indicate and document the continuing appropriateness of such representations, and reduce the possibility of misunderstanding concerning the matters that are the subject of the representations.

## **Compliance**

The Statements represent fairly, in all material respects, the claimed and audited revenue and expenditures for grant agreements.

As part of obtaining reasonable assurance on the Statements, we performed tests of City's compliance with certain regulations and the grant agreement. The results of our tests disclosed compliance with the grant agreement requirements.

## **Management Controls**

In planning and performing our audit, we considered City's internal control over financial reporting in order to determine our auditing procedures on the Statements and not to provide assurance on the internal control over financial reporting.

This report is intended solely for the information and use of CIWMB and City's management, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

A handwritten signature in black ink, appearing to read 'Susan Villa', with a long, sweeping horizontal line extending to the right.

Susan Villa, Branch Manager  
Fiscal Services Branch  
(916) 341-6092

February 11, 2009



# STATEMENT OF REVENUE AND EXPENDITURES

**City of Berkeley**  
**Waste Tire Assistance Grant TEA11-04-0035**  
**For the Period June 30, 2005 through June 30, 2006**

		Claimed	Audited	Questioned
<b>Revenue:</b>				
State Grant Awarded	\$147,432.00	\$0.00	\$0.00	\$0.00
Grant Request Request #1		\$32,065.20	\$32,022.00	\$43.20
Disencumbered	*\$49,128.99	\$0.00	\$0.00	\$0.00
Less 10%		-\$3,206.52	-\$3,202.20	-\$4.32
Total Revenue		<u>\$28,858.68</u>	<u>\$28,819.80</u>	<u>\$38.88</u>
<b>Eligible Expenditures:</b>				
Inspections		\$600.00	\$600.00	\$0.00
Surveillance		\$5,280.00	\$5,280.00	\$0.00
Enforcement		\$0.00	\$0.00	\$0.00
Education		\$5,000.00	\$5,000.00	\$0.00
Training		\$13,627.20	\$13,584.00 **	\$43.20
Reporting		\$3,840.00	\$3,840.00	\$0.00
Equipment Costs		\$3,718.00	\$3,718.00	\$0.00
Transportation Costs		\$0.00	\$0.00	\$0.00
Indirect (Misc) Costs		\$0.00	\$0.00	\$0.00
Less 10%		-\$3,206.52	-\$3,202.20	-\$4.32
Total Expenditures	\$98,303.01	<u>\$28,858.68</u>	<u>\$28,819.80 ***</u>	<u>\$38.88</u>
<b>Excess of Revenue over Expenditures</b>		<u>\$0.00</u>	<u>\$0.00</u>	

\* \$49,128.99 of the \$147,432.00 awarded was not used and disencumbered.

\*\*Training overstated by \$43.20 & impacted the 10% by \$4.32.

\*\*\* Audited Payment #1.

The accompanying notes are an integral part of this statement.

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# STATEMENT OF REVENUE AND EXPENDITURES

**City of Berkeley**  
**Waste Tire Assistance Grant TEA12-05-0016**  
**For the Period June 30, 2006 through June 30, 2007**

		Claimed	Audited	Questioned
<b>Revenue:</b>				
State Grant Awarded	\$123,245.00	\$0.00	\$0.00	\$0.00
Grant Request Request #3		\$12,082.38	\$12,082.38	\$0.00
Disencumbered	*\$10,830.44	\$0.00	\$0.00	\$0.00
Less 10%		-\$1,208.24	-\$1,208.24	\$0.00
Total Revenue		<u>\$10,874.14</u>	<u>\$10,874.14</u>	<u>\$0.00</u>
<b>Eligible Expenditures:</b>				
Inspections		\$4,347.18	\$4,347.18	\$0.00
Surveillance		\$2,980.88	\$2,980.88	\$0.00
Enforcement		\$0.00	\$0.00	\$0.00
Education		\$1,330.12	\$1,330.12	\$0.00
Training		\$24.00	\$24.00	\$0.00
Reporting		\$1,685.80	\$1,685.96 **	-\$0.16
Equipment Costs		\$0.00	\$0.00	\$0.00
Transportation Costs		\$616.00	\$616.00	\$0.00
Indirect (Misc) Costs		\$1,098.40	\$1,098.40	\$0.00
Less 10%		-\$1,208.24	-\$1,208.24	\$0.00
Total Expenditures	\$112,414.56	<u>\$10,874.14</u>	<u>\$10,874.30 ***</u>	<u>-\$0.16</u>
<b>Excess of Revenue over Expenditures</b>				
		<u>\$0.00</u>	<u>-\$0.16</u>	

\*\$10,830.44 of the \$123,245.00 awarded was not used and disencumbered.

\*\*Training understated by \$.16

\*\*\*Audited Payment #3

The accompanying notes are an integral part of this statement.

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## **NOTES TO THE STATEMENT OF REVENUE AND EXPENDITURES**

**City of Berkeley  
Waste Tire Enforcement Assistance Grant  
TEA11-04-0035 and TEA12-05-0016  
For Audit Period of June 30, 2005 through June 30, 2007**

**Note 1** Description of the Reporting Entity

City of Berkeley (City), a political subdivision of the State of California governed by an elected Board of Supervisors and selected cities, exercises the powers specified by the Constitution and statutes of the State. The City's reporting entity includes all significant organizations, departments, and agencies over which the City exercises oversight and budgeting responsibilities. The City's Local Enforcement Agency has general responsibility for these grant projects. The integrated waste management enforcement programs are primarily carried out through Local Enforcement Agencies and the California Integrated Waste Management Board acting/serving as the Waste Tire Enforcement Assistance (TEA).

**Note 2** Program Information

The California Integrated Waste Management Board administers the California Solid Waste Disposal Regulatory Reform Act, which includes the disbursement of Waste Tire Enforcement Assistance Grants from the Tire Recycling Fund.

The Legislature enacted the California Solid Waste Disposal Regulatory Reform Act (Public Resources Code Sections 43200 – 43222 and 43230 – 43232). The TEA program completes and grants to local enforcement agencies in which the funds are to implement the solid waste facilities permit and inspection program. The intent of the grant funds is to enhance the LEA program by providing funds to acquire additional equipment, supplies, training, and technical support. Effectiveness of the program is measured by monitoring compliance of solid waste facilities and associated LEA programs.

**Note 3** Descriptions of Waste Tire Enforcement Assistance Grants

The City claimed reimbursement amounts of \$98,303.01 for TEA11-04-0035 and \$112,414.56 for TEA12-05-0016 for solid waste local enforcement agencies within the County jurisdiction to investigate illegal tire activities, perform waste tire facilities inspections, and survey tire dealers, auto dismantlers, tire haulers, and other points of waste tire generation to ensure compliance with all applicable laws and regulations. The grant terms covered the overall period June 30, 2005 through June 30, 2007.



The City's primary goals for the Waste Tire Enforcement Assistance Grants were to provide requirements for the disposal and storage of waste tires. City is responsible for the identification, investigation, and enforcement of waste tire generators, transporters, and facilities.

**Note 4** Summary of Significant Accounting Policies

A. Basis of Presentation

The Statements presented in this report were prepared from the City's accounts and financial transactions. The Statement summarizes revenue and expenditures recorded by the City during the reporting periods referenced in Note 3.

The Statement summarizes the City's transactions pertaining to TEA11-04-0035 and TEA12-05-0016. They are not intended to represent all of the City's financial activities.

B. Basis of Accounting

The City's accounts are maintained on the modified accrual basis and in accordance with Generally Accepted Accounting Principles. Under the modified accrual basis, revenues are recorded as they become measurable and available, and expenditures are recorded at the time the liabilities are incurred.

**Note 5** Compliance

During the performance of this audit, we observed that the City governs its Waste Tire Enforcement Assistance Grant Program in accordance with the Terms and Conditions and Procedures and Requirements of the Grant Agreement.